the author or author's lineal descendants, if any survive. *See* 17 U.S.C. § 304(c)(2).[5]

The parties to the 1983 Agreement attempted to solidify their preclusion of the Milne family's termination rights by having Christopher Milne, who did have such a right, sign the agreement. Christopher Milne made clear on the face of the 1983 Agreement that he was *not* exercising the new right that Congress had conferred upon him, and that he did not wish to do so:

> [Christopher] Milne may have a potential right under Section 304(c) of the 1976 Copyright Act (Title 17, United States Code) to terminate both the 1930 Agreement and the 1961 [SSI-Disney] Agreement referred to above, but if and to the extent that he may have such a potential right he has resolved by agreement with the Trustees not to exercise such right.

C.A. E.R. 209; App. 59a-60a. Clare Milne never signed the 1983 Agreement.

C. Clare Milne's Attempt To Terminate The 1930 Grant

Christopher Milne died in 1996. Under the CTEA, which further extended copyright protection for the Pooh Works until around 2020, petitioner Clare Milne obtained the right to terminate any license that had been granted in the Pooh Works before January 1, 1978. *See* 17 U.S.C. § 304(d).

On November 4, 2002, Clare Milne served notice on SSI and Disney that she was terminating the 1930 Grant. The termination was noticed to take effect on November 5, 2004. That 2002 notice was the first statutory termination notice ever served as to the Pooh Works. SSI disputed the validity

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[5] If the author is deceased and has no surviving spouse, children, or grandchildren, then the termination right may be exercised by the author's executor, personal representative, or trustee. *See* 17 U.S.C. § 304(c)(2)(D).

of Clare's termination notice, contending that the 1983 Agreement had entirely superseded the 1930 Grant, and so there was no pre-1978 license in the Pooh Works for Clare Milne to terminate.

Clare Milne then filed this action to seek a declaration that her termination notice was valid, and that the rights granted to SSI would accordingly be terminated. The district court granted SSI's motion for judgment on the pleadings, ruling that Clare Milne's termination notice was ineffective. Observing that Clare Milne's particular statutory termination right applies only to grants made before January 1, 1978,[6] the district court treated the case as though Clare Milne were seeking to terminate the 1983 Agreement, not the 1930 Grant. The court therefore framed the question before it as whether the 1983 Agreement should "be treated as a pre-1978 agreement." App. 27a-28a. The court noted that "[t]he language of the 1983 SSI Agreement expressly states that the parties 'revoke' the 1930 Grant," and characterized the 1983 Agreement "as a new, post-1977 agreement" to which the statutory termination right did not apply. App. 28a.

The court acknowledged that "the 1983 Agreement was created in order to protect SSI and Disney from a termination of the rights granted to them." App. 28a. Nonetheless, the court read the legislative history of the 1976 Act to provide that "[n]othing in the Copyright Acts has altered the power of private parties to contract," even though the 1976 Act had expressly made termination rights inalienable by declaring them valid "notwithstanding any agreement to the contrary." The court concluded that "[t]he 1983 Agreement was a new contract, effective after January 1, 1978. Accordingly, the Milne termination notice is invalid." App. 31a; *see*

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[6] As noted above (p. 5), parallel inalienable termination rights apply under Section 203 to grants executed after January 1, 1978, but such grants are subject to termination only if made by the author. A.A. Milne died before 1978, and so the 1983 Agreement was designed to be immune from all types of termination then extant.

also App. 30a ("Section 304 does not apply, because this is a post-1978 agreement[.]").

D. The Ninth Circuit's Rejection Of Clare Milne's Statutory Termination Right

The court of appeals affirmed. App. 1a-20a. Centrally, the court of appeals concluded that the Trust—which did not have a statutory right of termination under the 1976 Act—had nonetheless effectively terminated the 1930 Grant by entering into the 1983 Agreement, and thus had cut off Clare Milne's statutory right of termination:

> Although Clare's termination notice purports to terminate the 1930 grant under the CTEA (section 304(d)), that statute provides a termination right only to those transfers or licenses "executed *before* January 1, 1978[.]" ...The only pre-1978 grant of rights to SSI, and the only grant to SSI specified in the termination notice, was the 1930 grant made by the author to Slesinger. *The 1930 grant, however, was terminated by the beneficiaries of the Pooh Properties Trust upon execution of the 1983 agreement.* Accordingly, there was no pre-1978 grant of rights to SSI in existence when Congress enacted the CTEA in 1998.

App. 10a (second emphasis added).

The court rejected Clare Milne's argument that the 1983 Agreement should be disregarded in light of Congress's express directive, in Section 304(c)(5), that a statutory termination must be given effect "notwithstanding any agreement to the contrary." The court stated that, although the Copyright Act does ~~not define~~ "agreement to the contrary," the 1983 Agreement does not resemble either of the examples that the statute gives of "agreement[s] to the contrary"—namely, "an agreement to make a will" and "an agreement 'to make any future grant.'" App. 11a.

The court further rejected the argument that the 1983 Agreement contravened Congress's intent that the termination right should be inalienable. App. 11a-12a. Indeed, the

court declined to accept the proposition that Congress intended termination rights to be inalienable. For example, although this Court in *Stewart* v. *Abend* (and other cases) clearly described termination rights as "inalienable," the court of appeals discounted the significance of this Court's characterization on the ground that this comment was made during a "relatively brief portrayal of the evolution of copyright law." App. 11a. The court also read the legislative history of the 1976 Act to indicate that Congress did not intend to "prevent the parties to a transfer or a license from voluntarily agreeing at any time to terminate an existing grant and negotiating a new one." App. 15a (quoting H.R. Rep. No. 94-1476, at 127 (1976)). The court therefore concluded that Congress "anticipated that parties may contract, as an alternative to statutory termination, to revoke a prior grant by replacing it with a new one." *Id.*

In concluding that the 1983 Agreement was a valid "alternative to statutory termination," the court stressed that the 1983 Agreement "was freely and intelligently entered into by the parties"—even though Clare Milne was not a party to that Agreement. App. 13a. The court also found its conclusion that the 1983 Agreement was valid "reinforc[ed]" by the fact that Christopher Milne signed the 1983 Agreement—even though Christopher did not exercise his right to terminate the 1930 Grant in that Agreement and had no power to waive Clare's statutory termination rights. App. 13a-14a. The court suggested that, "[a]lthough Christopher presumably could have served a termination notice, he elected instead to use his leverage to obtain a better deal for the Pooh Properties Trust." App. 14a.

The court found inapposite the Second Circuit's decision in *Marvel Characters, Inc.* v. *Simon*, 310 F.3d 280 (2d Cir. 2002), which ruled that an agreement characterizing a copyrighted work as a "work for hire" (to which termination rights do not apply) could not be applied to foreclose the author's statutory termination right, absent an antecedent judicial determination that the work was in fact a work for hire. The 1983 Agreement, the court stated, did not involve

an "after-the-fact attempt to recharacterize the work or a prior agreement," but rather "contractual provisions that operated prospectively through the revocation of an existing grant and the making of a new one." App. 12a.

Finally, the court rejected the argument that Section 304 was intended to give authors or their surviving families a "moment of freedom" after termination of a pre-existing grant, in which they might evaluate possible options to maximize their returns from the recaptured copyright. Although Section 304(c)(6)(D) specifically provides that a post-termination grant of right in a copyright is valid only if that grant is made "after the effective date of the termination," the court concluded that this provision operates for the benefits of grantees, not copyright owners. App. 18a-19a. And the court further suggested—without citing to any record evidence—that, even if Congress had intended such a "moment of freedom" to exist between a termination and a further grant, the 1983 Agreement had satisfied that purpose, because Christopher Milne "parlayed [his termination] right into a new agreement giving increased compensation to the Pooh Properties Trust, of which Clare is a prime beneficiary. In doing so, he fulfilled the very purposes for which Congress enacted the termination right." App. 19a.[7]

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[7] The court of appeals stated at several points in its opinion that the 1983 Agreement yielded increased royalties for the benefit of Clare Milne. App. 6a-7a, 14a, 17a, 19a. The record in fact contains no evidence establishing that Clare Milne has personally benefited from increased royalties received by the Trust or that Clare Milne is a beneficiary of the Trust. Moreover, the court of appeals denied respondent's motion to take judicial notice of purported facts concerning Clare Milne's interest in the Trust. App. 35a-37a. Even under the (rejected) figures submitted by respondent, however, Clare Milne was entitled to, at most, one-eighth of the royalties paid to the Trust; the change effectuated in 1983 increased the Trust's overall share of the royalties from the Pooh Works from 2.5% to 5%. Thus, the 1983 Agreement would have entitled Clare Milne to, at most, one-eighth of the additional 2.5% royalties from the Pooh Works.

REASONS FOR GRANTING THE PETITION

The decision of the Ninth Circuit—holding that a licensee can negotiate an agreement with a third party that nullifies the statutory termination rights of an author's surviving family members—warrants this Court's review. That decision is incorrect; it conflicts with decisions of the Second Circuit; and, unless overturned, it could cripple Congress's policy that authors and their surviving family members should have an inalienable one-time right to terminate prior grants and recapture the author's initial rights. The court of appeals' decision threatens to resuscitate the repudiated regime of *Fred Fisher*. Indeed, the Ninth Circuit's ruling may be significantly worse than *Fred Fisher*, because it impairs the recapture rights of authors' family members, not just authors themselves. Especially given the prominence of the Ninth Circuit in developing federal copyright law, review by this Court is warranted.

A. The Decision Below Is Inconsistent With Congress's Policy Of Preserving Termination Rights For Authors And Their Surviving Families

1. The termination right at stake in this case must be understood in light of Congress's intent to reject *Fred Fisher* and to secure an inalienable right, to authors and to their surviving families, to recapture copyrights that might have been licensed or assigned away at an earlier time. From the perspective of freedom of contract—the perspective from which the court of appeals viewed this case—the Copyright Act's termination right may appear unusual, but it reflects a policy that has been embedded in copyright law for a century. "When an author produces a work which later commands a higher price in the market than the original bargain provided, the copyright statute is designed to provide the author the power to negotiate for the realized value of the work." *Stewart* v. *Abend*, 495 U.S. at 229. Moreover, Congress determined that this right to recapture copyrights in works that prove more valuable than previously foreseen should accrue to the benefit of authors' families as well as authors, notwithstanding the earlier decision of an author

that the benefits from a copyright should flow elsewhere. "The evident purpose [of this congressional policy] is to provide for the family of the author after his death.... [This policy] takes the form of a compulsory bequest of the copyright to the designated persons." *Id.* at 218 (citation omitted).

This Court has accordingly recognized that the termination right granted by the Copyright Act is an inalienable right vested in authors and their families—an inalienable one-time right to terminate copyright licenses and assignments and thus recapture the value in the copyright of an author's works. In *Mills Music, Inc.* v. *Snyder*, 469 U.S. 153 (1985), the Court explained that Section 304(c) "gave the widow and son of [the author] a right to terminate the grant to [the publisher] of rights in the renewal copyright." *Id.* at 162. In *Stewart* v. *Abend*, the Court explained that the 1976 Copyright Act "provides a single, fixed term, but provides an inalienable termination right." 495 U.S at 230. And in *New York Times Co.* v. *Tasini*, 533 U.S. 483, 496 n.3 (2001), this Court described Section 203(a)(5), the post-1978 provision coordinate to § 304(c)(5) for pre-1978 works (*see* p. 5, *supra*), as creating an "inalienable authorial right to revoke a copyright transfer."[8]

These references to an "inalienable" right recognize that Congress desired to prevent a repeat of *Fred Fisher*, which rendered nugatory authors' statutory right to recapture their renewal copyrights. *See Stewart* v. *Abend*, 495 U.S. at 218 (citing *Fred Fisher*). As subsequent decisions have rec-

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[8] In addition, in *Eldred* v. *Ashcroft*, 537 U.S. 186 (2003), this Court upheld the constitutionality of copyright term extensions under the CTEA in part based on Congress's judgment, reflected in Section 304(d), that "the pre-CTEA term did not adequately secure the right to profit from licensing one's work during one's lifetime and to take pride and comfort in knowing that one's children—and perhaps their children—might also benefit from one's posthumous popularity." *Id.* at 207 n.14 (internal quotations omitted). This Court concluded that "Congress could rationally seek to 'promote ... Progress' by including in every copyright statute an express guarantee that authors would receive the benefit of any later legislative extension of the copyright term." *Id.* at 215.

ognized, "unlike the renewal rights, ... [n]either the author nor the statutory heirs may contract away their termination right, and any contract provision that purports to assign that right is void." *Music Sales Corp.* v. *Morris*, 73 F. Supp. 2d 364, 372 (S.D.N.Y. 1999) (citing *Stewart* v. *Abend*).[9]

2. The court of appeals improperly rejected this well-settled understanding of statutory termination rights as inalienable. The court of appeals dismissed as insignificant this Court's reference to termination rights as "inalienable" in *Stewart* v. *Abend*, 495 U.S. at 218. And the court of appeals rejected what it called Clare Milne's effort "to undo the 1983 agreement" on the ground that the 1983 Agreement was "freely and intelligently entered into by the parties." App. 13a. Moreover, the court of appeals gave effect to the 1983 Agreement even though Clare Milne was *not* a party to that agreement, and even though the entire purpose of the termination mechanism in Section 304 is to elevate the termination rights of the author's surviving family members over any assignment of rights that might have been made at an earlier date—including prior assignments that were made "freely and intelligently."

Indeed, the Ninth Circuit's decision is doubly wrong. By ruling that Clare Milne's termination right had been nullified in advance by the Trust's 1983 "revocation" and "regrant" of the rights to the Pooh Works granted by A.A. Milne in the 1930 Grant, the Ninth Circuit allows alienation of an author's family's termination right, not by an author or author's family member, but by a *third party*—here, a trust that held Milne's copyrights by bequest, but is legally dis-

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[9] *Music Sales Corp.* validated a termination of assignments made by jazz legend Billy Strayhorn. It highlights Congress's desire to overrule *Fred Fisher*: "The House Reports reveal the legislators' view that, under the 1909 Act, 'a great many contingent transfers of future renewal rights have been obtained from statutory heirs. A statutory beneficiary who has signed a disadvantageous grant of this sort should have the opportunity to reclaim the extended term.'" 73 F. Supp. 2d at 372 (internal ellipses omitted).

tinct from Clare Milne and has no trustees from the Milne family. The court of appeals' validation of the Trust's express efforts to eliminate any termination rights belonging to the author's family has the result of vitiating the congressional scheme underlying termination of transfers, replicating the most invidious aspects of *Fred Fisher*.

In conflict with the congressional policy underlying Section 304(d)—that the benefit of the 20 additional years of copyright protection granted by the CTEA should flow to authors and their families—the Ninth Circuit has allocated that benefit instead to A.A. Milne's 1930 grantee, SSI. Under the Ninth Circuit's ruling, even though SSI has already enjoyed enormous benefits from the copyrights in the Pooh Works for 75 years—much longer than the 56-year maximum possible term foreseeable in 1930, when A.A. Milne granted rights to Slesinger—SSI is still privileged to continue to receive the revenues relating to the Pooh Works during the additional 20-year extended term added by the CTEA. And SSI has secured that benefit to itself merely because SSI found an ally, the Trust, that was willing to participate in a nullification of the statutory rights that properly belong to Milne's family in exchange for an apparently modest increase in royalties to the Trust payable by Disney (*see* n.7, *supra*).

3. The court of appeals also concluded that Clare Milne had no termination rights in the Pooh Works to exercise. The court of appeals noted that, under Section 304, Clare Milne's termination rights could apply only to a grant or license executed before January 1, 1978, and it reasoned that the 1930 Grant—the grant that Clare sought to terminate—had already been "terminated" when, in 1983, the Trust "revoked" that grant and "regranted" the rights in it to SSI. App. 10a. That reasoning is severely flawed and would quickly make a nullity of family members' termination rights. Under the court of appeals' decision, the owner of a copyright by bequest and the licensee of the copyright can preclude the family's exercise of any termination rights by

agreeing to a minimal revision of the original license for consideration of a peppercorn.

The Ninth Circuit's reasoning fails to give effect to Congress's directive that family termination rights must prevail over any "agreement to the contrary." 17 U.S.C. § 304(c)(5); *see also* 17 U.S.C. § 203(a)(5).[10] The court of appeals put forward two reasons why the 1983 Agreement was not an "agreement to the contrary" that may not be given effect. First, the court suggested that the 1983 Agreement did not resemble either of the two kinds of agreements specified in the statute as examples of a forbidden "agreement to the contrary": an agreement to make a will, and an agreement to make any future grant. App. 11a. Second, the court stressed that the parties who executed the 1983 Agreement expressly indicated their intent that the Agreement would *not* be subject to termination rights. App. 12a-14a. Neither reason withstands scrutiny.

First, Section 304(c)(5) gives no indication that the category of prohibited "agreements to the contrary" is limited to the specific examples given therein (or even to close analogues of such examples). To the contrary, Congress expressly barred the operation of "*any* agreement to the contrary" to defeat statutory termination rights, "*including*" the specified examples. The text of the Copyright Act's definitional section makes clear that "[t]he terms 'including' and 'such as' [as used in the Copyright Act] are illustrative and not limitative." 17 U.S.C. § 101. Congress sensibly made reference to particular types of agreements, such as agreements to make a will, because of the concern that courts might defer to these unusually specific indications of authors' intentions to bypass their families in assigning their copyrights. Indeed, if Section 304(c)(5) were properly read as the court of appeals construed it, then a straightforward

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[10] Section 304(c)(5) states: "Termination of the grant may be effected notwithstanding any agreement to the contrary, including an agreement to make a will or to make any future grant." Section 203(a)(5), which governs works copyrighted after January 1, 1978, is identically worded.

agreement not to exercise the statutory termination right in the future would be valid—but that would be an entirely nonsensical result in light of Congress's policy to *preclude* such advance alienations of statutory termination rights.

Second, and more fundamentally, it cannot matter that the parties to the 1983 Agreement made clear that the very purpose of the Agreement was to ensure that no member of the Milne family could thereafter exercise the family's termination rights. If an expression of such intent were sufficient to avoid the Copyright Act's termination provisions, then those provisions would be of scant use, for they could be routinely overridden by parties' declarations that their purpose is to avoid that provision. That result cannot be consistent with Congress's intent that the termination right be inalienable, no matter how freely or intelligently parties might enter into an agreement to waive that right.

The court of appeals noted that Christopher Milne also executed the 1983 Agreement, which the court believed allowed the Trust "to obtain considerably more money" for the benefit of the Milne family. App. 13a-14a.[11] The court found its conclusion that the 1983 Agreement was valid "reinforc[ed]" by Christopher's signature on that document. *Id.* Whatever might have been Christopher Milne's motivation for signing the 1983 Agreement, however, his participation gave it no additional legal force. The Trust—not Christopher Milne—owned the copyrights in the Pooh Works by bequest, and so only the Trust could "regrant" the rights in those works to SSI. And whereas Christopher Milne—not the Trust—possessed a statutory right to terminate the 1930 Grant, Christopher made clear in the 1983 Agreement that he was *not* exercising his statutory termination rights and did not intend to do so. App. 59a-60a.[12] The Ninth Circuit

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[11] As noted above (p. 12, n.7), the record does not contain evidence that the Milne family received additional benefits as a result of the 1983 Agreement.

[12] The 1983 Agreement could not have been a valid termination by Christopher, for it failed to meet several statutory requirements, includ-

treated Christopher's participation in the 1983 Agreement as a "valid alternative" to the exercise of his statutory termination rights—in effect, an advance waiver of those rights (App. 15a)—but, as just explained, a fundamental aspect of the Copyright Act's termination provisions is that the rights granted by those provisions *cannot* be alienated in advance. Thus, contrary to the Ninth Circuit's misapprehension (App. 15a, 19a-20a), Christopher's participation in the 1983 Agreement was not the near-equivalent of a valid termination.

B. The Decision Below Conflicts With Decisions Of The Second Circuit

The Ninth Circuit's decision is not only at odds with the text, structure, and policy of the Copyright Act's termination provisions; it also conflicts with two decisions of the Second Circuit recognizing that family termination rights cannot be nullified either by acts of copyright owners who have obtained the copyright by bequest or through private agreements intended to avoid the effect of the statutory termination provision. Given the importance of the Second and Ninth Circuits in articulating federal copyright law, review by this Court of the issues presented in this petition is particularly warranted.

1. By subordinating Clare Milne's statutory termination rights to the interests of SSI and the Trust, the Ninth Circuit's decision conflicts with the decision of the Second Circuit in *Larry Spier, Inc.* v. *Bourne Co.*, 953 F.2d 774, 776 (2d Cir. 1992). The *Spier* decision makes clear that Congress's vesting of statutory termination rights in specified surviving family members of authors is inalienable, and can-

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ing the requirements that the termination be served on the licensee and recorded in the Copyright Office. *See* 17 U.S.C. § 304(c)(4). Nor could the 1983 Agreement have been a valid post-termination grant of rights by Christopher, for the statute makes clear that any post-termination grant of rights may be made only *after* a termination takes effect—ensuring that there is a point at which the surviving family member's rights in the work are unencumbered by any grant to any third party. *See* 17 U.S.C. § 304(c)(6)(D).

not be defeated by the author's decision to bequeath or assign rights in the copyright to other persons or entities.

The *Spier* case, like this one, involved a conflict between statutory heirs possessing the termination right under Section 304 and others who had been granted rights in the copyright by an assignment and by bequest. In that case, Dave Dreyer, the author of Tin Pan Alley classics including *Me and My Shadow*, had assigned his copyrights in those songs (including rights in the renewal terms) to a publisher, and had also bequeathed ownership of his copyrights and all rights to receive royalties therefrom to a testamentary trust, the beneficiaries of which included his long-time mistress as well as his widow and children. The surviving members of the Dreyer family sought to recapture the family's ownership of the copyrights by serving a termination notice on the publisher, a move that would have excluded Dreyer's mistress from future royalties. The Dreyer family was met by the objection that the songwriter had expressed his intent about the future ownership of those copyrights by bequeathing them to the testamentary trust.

The Second Circuit concluded that the songwriter's widow and children nonetheless possessed the right to terminate the previous grant, even though exercising the right would eliminate the rights bequeathed to the mistress:

> [I]t is evident from the plain language of Section 304(c) that the purpose of the statute is to protect the property rights of *widows and children* in copyrights.... If the author's intent were the paramount concern of the statute, then no termination of any kind would be allowed, because most authors presumably "intend" to make the assignment that is the very object of Section 304(c)'s termination provisions.

953 F.2d at 778 (emphasis added).[13]

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[13] Other decisions in the Second Circuit have been similarly faithful to Congress's policy of ensuring that an author's surviving family mem-

The Trust in this case is similarly situated to the testamentary trust and the mistress in *Spier*. The Trust was bequeathed copyright ownership of the Pooh Works, encumbered by a prior license that A.A. Milne granted to SSI. The Trust does not, however, fall within the class of individuals to whom Congress gave the termination right. In conflict with *Spier*, the Ninth Circuit allowed an encumbered copyright owner to circumvent the family's statutory termination right by agreeing to revoke and regrant the very rights that were supposed to be subject to termination under federal law.

Indeed, to see how the decisions are utterly inconsistent, and to understand how the Ninth Circuit's ruling could unravel the termination right of Section 304, one need only envisage a simple variant of the *Spier* decision, under which the testamentary trust to which Dreyer bequeathed his copyrights agreed to "revoke" Dreyer's assignment of his copyrights to his publisher and to "regrant" the same rights again to the publisher Under the Ninth Circuit's reasoning, as long as that agreement was executed after January 1, 1978, it would be effective to nullify the statutory termination rights of the songwriter's family. The Second Circuit could not have intended its decision in *Spier* to be so easily evaded.

2. The Ninth Circuit's conclusion that the 1983 Agreement is not an ineffective "agreement to the contrary" under Section 304(c)(5) conflicts with the Second Circuit's decision in *Marvel Characters, Inc.* v. *Simon*, 310 F.3d 280 (2d Cir. 2002). In *Marvel*, the author of *Captain America* sought to terminate a 1941 transfer of interest that he had made to the publisher of the comic strip. In a 1969 settle-

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bers, as specified in the statute, would have the right to recapture copyrights, even in the face of expressed intent by the author to bequeath the copyrights elsewhere. *See Saroyan* v. *William Saroyan Found.* 675 F. Supp. 843 (S.D.N.Y. 1987), *aff'd mem.*, 862 F.2d 304 (2d Cir. 1988) (child of famous author successfully contested father's bequest of copyrights to foundation rather than to his children).

ment agreement resolving prior litigation, the parties stipulated that the comic strip was made as a "work for hire," and was therefore outside the creator's right to copyright recapture under pre-1978 law.[14] After Congress extended copyright terms in the 1976 Act, the author sought to recapture his copyright by terminating the 1941 transfer. The publisher asserted in defense that the copyright in *Captain America* was not subject to recapture because the parties had agreed, in the 1969 settlement agreement, that *Captain America* was a work for hire.

The Second Circuit rejected the publisher's argument and invalidated the 1969 agreement as an "agreement to the contrary" that could not defeat the author's statutory termination right. As the Second Circuit explained, "the clear Congressional purpose behind § 304(c) was to prevent authors from waiving their termination right by contract." 310 F.3d at 290. The court further explained:

> Any other construction of § 304(c) would thwart the clear legislative purpose and the intent of the statute. If an agreement between an author and a publisher that a work was created for hire were outside the purview of § 304(c)(5), the termination provision would be rendered a nullity.... In effect, such an interpretation would likely repeat the result wrought by the *Fred Fisher* decision and provide a blueprint by which publishers could effectively eliminate an author's termination right.

Id. at 290-291.

The Ninth Circuit's decision is irreconcilable with *Marvel*. In *Marvel*, the parties freely and intelligently entered into an agreement characterizing *Captain America* as a work for hire, in part for the purpose of defeating the au-

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[14] Under pre-1978 copyright law, the right to renew the copyright of a work for hire was vested in the "proprietor," *i.e.*, the employer, rather than the creator of the work. *See* Copyright Act of 1909, § 24, 35 Stat. 1081; *Estate of Burne Hogarth* v. *Edgar Rice Burroughs, Inc.*, 342 F.3d 149, 157 (2d Cir. 2003).

thor's recapture right. Nonetheless, the Second Circuit concluded that this device could not survive Congress's direction that "[t]ermination of the grant may be effected notwithstanding any agreement to the contrary." 17 U.S.C. § 304(c)(5). In this case, SSI and the Trust entered into the 1983 Agreement for the purpose of defeating the Milne family's recapture rights. But in this case, the Ninth Circuit has concluded that the private agreement *was* effective to defeat the termination rights vested by statute in the author's family. In fact, *Marvel* should apply *a fortiori* here, given that Clare never even joined the 1983 Agreement, unlike the author's own execution of the 1969 settlement agreement in *Marvel*.

Attempting to distinguish *Marvel*, the Ninth Circuit stated that it has

> little relevance to this case because, here, there is no after-the-fact attempt to recharacterize the work or a prior agreement. Instead, the 1983 agreement involves contractual provisions that operated prospectively through the revocation of an existing grant and the making of a new one. As the district court recognized, "[t]he parties in the 1983 agreement did not attempt to change or modify the nature of their association with one another, or alter the character of their longstanding author/grantee relationship."

App. 12a-13a.

That distinction misapprehends the significance of *Marvel*, which does not turn on whether the parties to the settlement agreement engaged in an after-the-fact attempt to recharacterize *Captain America* as a work for hire. Rather, the Second Circuit concluded that the disputed 1969 settlement agreement was an "agreement to the contrary" because any other result would render the termination provision a "nullity" by elevating the parties' agreement over the copyright recapture rights vested in the author by statute. *See* 310 F.3d at 290. And in this case, the 1983 "revocation" and "regrant" sought to do exactly what *Marvel* forbids—to

eliminate the statutory right to recapture a copyright by private agreement. *See* C.A. E.R. 209; App. 60a ("the parties are desirous of revoking the said prior agreements and Slesinger and Disney are desirous of entering into a new agreement for the future *which the parties believe would not be subject to any right of termination under 17 U.S.C. Secs. 203 or 304(c)*." (emphasis added)). Because the decision below and the Second Circuit have taken diametrically opposed positions on such agreements, this Court's review is warranted.

C. The Decision Below Warrants Review Because Of Its Broadly Negative Implications For The Congressional Policy Of Termination Rights

The decision below has broad implications for the survival of Congress' policy that authors and their families should have a one-time right to terminate prior grants. Congress was well aware that authors and their family members might surrender to early financial blandishments, and so it conferred on them an inalienable right to terminate earlier grants once the statutory window opened to effectuate that termination. If the Ninth Circuit's decision is not overturned, Congress's policy judgment will be seriously undermined.

The Ninth Circuit's decision not only threatens to revive *Fred Fisher*, which Congress was determined to repudiate; it is in important respects even worse than that discredited decision. Under the 1909 Copyright Act, as construed in *Fred Fisher*, authors could be induced to contract away their own renewal rights, but an author could not contract away the statutory right of his or her surviving family members to renewal of the author's copyrights, if the author died before the renewal period. *See Stewart* v. *Abend*, 495 U.S. at 219-221; *Miller Music Corp.* v. *Charles N. Daniels, Inc.*, 362 U.S. 373, 375 (1960). Under the court of appeals' decision, however, the statutory termination rights of the author's surviving family *can* be contracted away—and not just by the author, but also by a third party (here, the Trust) that obtained the author's copyrights by bequest and may

not have the best interests of the author's surviving family members at heart. It would appear that all that is required for the termination rights of the author's surviving family members to be nullified is the agreement of two willing parties other than the author's family members who have some rights under the copyright—here, SSI and the Trust—to "revoke" and "regrant" the initial assignment.

The effect of the Ninth Circuit's ruling is not limited to older copyrighted works such as those at issue in this case. To the contrary, the decision below has broad significance for all existing and future copyrighted works, with few exceptions.[15] For works governed by Section 304(c)—*i.e.*, works in copyright before January 1, 1978—the CTEA's extension of copyright terms for such works to 95 years ensures that termination rights will remain important until late in this century.[16] Moreover, the court of appeals' reasoning appears equally applicable to works copyrighted after January 1, 1978, which are governed by related provisions in Section 203. In Section 203, Congress gave authors (and, after an author's death, the author's surviving family members) the right to terminate an author's grant 35 years after execution of that grant. *See* 17 U.S.C. § 203(a)(1)-(3). Section 203 also makes clear that this termination right is to be given effect "notwithstanding any agreement to the contrary[.]" 17 U.S.C. § 203(a)(5). But in light of the court of appeals' treatment of the identical "notwithstanding" clause in Section 304(c)(5), the termination right of Section 203(a) could be nullified by an agreement between the owner of the copyright (other than the author's

[15] As noted above (p. 22, n.14, *supra*), the creator of a work for hire does not have termination rights under Section 203 or Section 304.

[16] For example, consider the case of an author whose novel was published in 1975, who assigned his copyright to his publisher for typical 15% royalties, and who died in 1990, bequeathing royalties to a foundation rather than his impecunious daughter and grandson. Under those circumstances, the publisher and the foundation could defeat the family's termination right today by engaging in the same device blessed by the Ninth Circuit in this case, leaving the publisher and the foundation in control of the copyrights until 2070.

copyright (other than the author's surviving family members) and a licensee to "revoke" and "regrant" a license, just as was done in this case. Thus, the technique blessed by the court of appeals will readily allow non-family owners and assignees of copyrights to defeat the interests of family members—precisely the result that Congress intended to avoid.

Seeking to minimize the effect of its decision for Congress's policy of protecting surviving authors and their family members from ill-conceived alienations of copyrights, the Ninth Circuit stated that petitioner's "imagined parade of horribles" as the likely consequence of the rule adopted by the Ninth Circuit in this case "will never march forward." App. 17a. In fact, the effect of the decision below has already been seen in other litigation in the Ninth Circuit. A district court has already relied on the court of appeals' decision to declare invalid a termination notice for *Lassie Come Home* served by the daughter of author Eric Knight. *See Classic Media, Inc.* v. *Mewborn*, CV 05-452 (C.D. Cal. Feb. 10, 2006) (App. 44a) (citing decision below for the proposition that, "[w]hile this termination interest is inalienable pursuant to the language of the statute, such an interest may be waived or relinquished"). The district court stressed that Knight's daughter was paid $3,000 in 1978—a negligible sum in light of the value of the copyright to *Lassie*—to contract away her statutory termination rights decades before those rights could have been exercised. App. 45a.[17]

The decision below also undermines Congress's elaborately wrought framework for the exercise of the termina-

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[17] The novel *Lassie Come Home* was published in 1940; Knight's heirs renewed the copyright in the 1960s. App. 40a. Under the 1909 Act, therefore, the renewal term would have expired around 1996. The 1976 Act extended the renewal term to 2015, and the CTEA extended it to 2035. Under the 1976 Act, termination of the *Lassie* copyright could not take effect until 1996—56 years after the effective date of the initial copyright. *See* 17 U.S.C. § 304(c)(3). Nonetheless, the district court ruled that the 1978 agreement was effective to eliminate a right that would not ripen until 1996.

tion right. To effectuate that right, a terminating party must serve on the grantee a notice of termination two to ten years in advance. *See* 17 U.S.C. § 304(c)(4)(A), § 304(d)(1).[18] The statute also disables the terminating party from making a further grant of the terminated rights until *after* such service has taken place. *See* 17 U.S.C. § 304(c)(6)(D), § 304(d)(1). That finely regulated time sequence ensures the goal that the family members of authors will not find themselves prematurely deprived of their termination rights.

In derogation of those safeguards, the Ninth Circuit ruled that Clare Milne's supposed receipt of benefits in 1983 (under an agreement she never executed) deprived her of the possibility of terminating the prior grant in 2002. Although it would have been manifestly impossible for Clare Milne to serve such an advance notice in 1983 as to her termination right under the CTEA, the ruling in this case holds that by the time Congress conferred rights on her in 1998, she had already lost those rights as a penalty for having received a bit of money earlier.

The vice of validating that procedure is exactly as the Second Circuit warned in *Marvel*, 310 F.3d at 291:

> In effect, such an interpretation would likely repeat the result wrought by the *Fred Fisher* decision and provide a blueprint by which publishers could effectively eliminate an author's termination right. We conclude that Congress included the "notwithstanding any agreement to the contrary" language in the termination provision precisely to avoid such a result.

That consequence—the resuscitation of the discredited *Fred Fisher* regime and with it the effective abrogation of surviving family members' termination rights, in the face of Con-

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[18] Clare Milne served her notice on SSI on November 4, 2002, to take effect on November 5, 2004—all during the appropriate windows as to each of the four Pooh Works. C.A. E.R. 121.

gress's determination to make those rights inalienable—warrants review by this Court.

CONCLUSION

The petition for a writ of certiorari should be granted.

Respectfully submitted.

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APRIL 2006